

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

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| Petition of Boston Edison Company, Cambridge Electric    | ) |               |
| Light Company and Commonwealth Electric Company          | ) |               |
| d/b/a NSTAR Electric pursuant to G.L. c. 164 § 94        | ) | D.T.E. 03-100 |
| and 220 C.M.R. §§ 5 <i>et seq.</i> for approval of a new | ) |               |
| renewable power supply offering                          | ) |               |
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DIRECT TESTIMONY OF  
ROBERT MAHONEY  
ON BEHALF OF  
THE CAPE LIGHT COMPACT

1    **Q.     Please state your name and business address in relation to the Cape Light**  
2           **Compact (the “Compact”).**

3  
4    A.     My name is Robert Mahoney, and my business address is c/o Barnstable County  
5           Commissioners, Superior Courthouse, P.O. Box 427, Barnstable, Massachusetts.

6  
7    **Q.     Do you hold any official position with any governmental entity?**

8    A.     I am a member of the Board of Selectmen for the Town of Dennis, Massachusetts.  
9           I have served in that position since May of 1998.

10  
11   **Q.     Are there any others?**

12   A.     Yes, I serve as the Town of Dennis’ representative to the Compact on its  
13           Governing Board, and I have been Chairman of the Compact since the fall of

1 1999. I also serve on the Compact's Power Supply, Distributed Resources,  
2 Energy Efficiency, and Executive Committees.

3

4 **Q. Are you currently employed?**

5 A. I have been retired since June of 1994.

6

7 **Q. Please briefly describe your past professional experience.**

8 A. After earning a PhD in Microbiology/Electron Microscopy from Syracuse  
9 University, I had a 30 year academic career at Skidmore College in Saratoga  
10 Springs, N.Y. where I taught microbiology, electron microscopy and bioethics.

11

12 **Q. Briefly describe the purpose of your testimony in this proceeding.**

13 A. I am testifying today to further express the Compact's opposition to the NSTAR  
14 Green Proposal ("NSTAR Green") and explain why NSTAR Green disserves the  
15 interests of ratepayers and competitive markets. I also explain how the Compact  
16 was formed and why it is ideally suited to develop a successful, voluntary  
17 renewable certificate program in contrast to the NSTAR Green proposal.

18

19 The Compact supports new renewable energy products and projects that are based  
20 upon the partnership of suppliers, the local distribution company, and customers  
21 and, as in the Compact's geographical territory, municipal aggregators. NSTAR  
22 Green does not come close to meeting this standard. Specifically, NSTAR Green  
23 will actually retard the competitive market by not providing residential and small

1 commercial customers a choice of competitive suppliers for their renewable  
2 energy supply. In addition, if NSTAR's proposal is approved, it will give it a  
3 monopoly in providing renewable energy certificate products whereby consumers  
4 can elect to pay a premium to reflect an offsetting percentage of new renewable  
5 generation matched to their consumption. In fact, the Cape Light Compact would  
6 like to offer consumers in its twenty-one member towns just such a product;  
7 NSTAR seeks to prevent such an offering from taking place on a level playing  
8 field.

9

10 **Q. Please describe the formation and organization of the Compact.**

11 A. The Compact was formed in 1997 and is a cooperative effort of all of the twenty-  
12 one towns on Cape Cod and Martha's Vineyard, as well as Barnstable and Dukes  
13 Counties. The Compact was formed following two years of study and town  
14 meeting and town council votes. The Compact's Governing Board carries out the  
15 collective decisions and instructions of the member communities and consumers  
16 and is responsible for establishment of the policies and development of the  
17 Compact.

18

19 **Q. Please describe the Compact's Intergovernmental Agreement.**

20 A. The twenty-one member towns and Barnstable and Dukes Counties entered into  
21 an Intergovernmental Agreement (the "Agreement") for the purpose of  
22 aggregating residents and businesses to purchase electricity. The Agreement was  
23 developed in 1997 and each member community formally executed the

1 Agreement. The Agreement sets forth the following goals of the Compact, among  
2 others: to provide the basis for aggregation of all consumers on a non-  
3 discriminatory basis; to acquire the best market rate for electricity; and to provide  
4 and enhance consumer protection and options for service under contract  
5 provisions.

6

7 **Q. Please describe the Compact's Aggregation Plan.**

8 A. As required by the Massachusetts Electric Industry Restructuring Act, the  
9 Compact developed a plan, in consultation with the Division of Energy  
10 Resources, to aggregate its electric consumers. The primary purpose of the  
11 Aggregation Plan is to provide the Compact with the ability to negotiate the best  
12 rates for the supply and distribution of electricity for its consumers. The DTE  
13 approved the Compact's Aggregation Plan in August of 2000.

14

15 **Q. Briefly describe the power supply activities of the Compact.**

16 A. The Compact has instituted a comprehensive approach to protecting and  
17 representing consumer interests on cost, power reliability, and planning for the  
18 Cape and Vineyard region. The Compact offers opportunities to reduce power  
19 cost through the purchase of power supply at competitive rates; reduce a  
20 consumer's total bill through energy efficiency and conservation programs; lay  
21 the groundwork for new technology through development of policies for  
22 distributed generation and renewable energy, which can improve local electric

1 reliability and power quality; and provide professional representation on behalf of  
2 consumers regarding a range of electric rate and service issues.

3

4 With DTE approval, the Compact began a pilot project in 2001 with Mirant  
5 Americas Retail Energy Marketing, LP for Default Service consumers in its  
6 member communities. This pilot electric supply agreement allows for aggregated  
7 municipal supply of electricity on an opt-out basis, and provides consumer  
8 savings through negotiated competitive rates for the supply of electricity. The  
9 Compact now serves approximately 52,000 consumers under the pilot project.  
10 The Compact is working actively to expand its power supply program to all Cape  
11 and Vineyard consumers.

12

13 **Q. Does the Compact offer any other products to consumers?**

14 A. Yes. Also in 2001, the Compact developed an Energy Efficiency Plan that  
15 received approval from its member communities and the DTE - the first plan of  
16 this type approved by the state. The Compact's Energy Efficiency Program  
17 addresses all customer classes and works to advance consumer awareness in order  
18 to assist consumers who want to reduce their bills. The Compact amended its  
19 Energy Efficiency Plan in 2003 to bring increased benefits to all customers within  
20 the Compact's territory. Initiatives included increased outreach and service  
21 delivery to the low income, single and multifamily residential, commercial,  
22 industrial and government sectors in both new construction and retrofit markets;  
23 substantial, cost-effective savings are being realized in all sectors. Additionally,

1 formal basic and advanced training is being delivered to facilities managers and  
2 staff in the Compact's service territory. The Compact has joined forces with  
3 KeySpan Energy Delivery in several areas in order to maximize energy  
4 conservation opportunities for its customers and to avoid duplication of effort.

5  
6 **Q. Please explain how the Compact undertakes community outreach and**  
7 **consumer education for its programs.**

8 A. The Compact has instituted a core public education and marketing program that  
9 underlies the delivery of each of the Compact's programs. Several members of  
10 the Compact's Governing Board are town appointees who have extensive utility  
11 and energy experience. These appointees and other members of the Governing  
12 Board as well as Compact staff provide educational information to consumers  
13 through regular updates to town Boards of Selectmen and Councilors on the  
14 Compact's power supply and energy efficiency programs; speaking engagements  
15 and memberships on various civic and business committees; and outreach to the  
16 media, including newspapers and radio spots.

17  
18 The Compact has held three very successful Energy Fairs to educate local  
19 consumers and help them conserve kWh, and is involved in the National Energy  
20 Education Development project, working with schools on the Cape and Vineyard.

21

1       The Compact plans to continue to utilize this extensive network and opportunities  
2       it has at the community level to deliver its public education and marketing  
3       programs.

4

5   **Q.     Does the Compact have an interest in providing a renewable energy option to**  
6   **its customers?**

7   A.     Yes. As set forth earlier in my testimony, one of the purposes of the Compact is  
8       to advance the interests of consumers in a competitive electric supply market and  
9       to encourage renewable energy development. In this respect, the Compact is  
10      currently exploring its options to provide a long-term, renewable energy  
11      certificate product to all Cape and Island consumers through an opt-in basis.  
12      However, any green power option program offered by or under the aegis of the  
13      Compact will not be feasible unless the local distribution company – the  
14      Commonwealth Electric division of NSTAR in this case – actively cooperates in  
15      order to support new renewable energy products and keep consumers happy in the  
16      process. Specifically, it is simply economically impractical to separately bill  
17      customers for such a service.

18

19   **Q.     Why is that?**

20   A.     All the research shows that customers must get a combined bill that relates their  
21      monthly usage to the renewable certificate surcharge. Block purchasing, divorced  
22      from electric bills, does not work very well. Without access to the NSTAR bill,  
23      the Compact or its renewable certificate product would have no way of relating

1 the amount of RECs it purchased to a consumer's usage and would face huge  
2 administrative expenses. On the other hand, by adding a surcharge to the bill, the  
3 additional administrative costs (which would be included in the REC product  
4 price) should be quite manageable.

5

6 We believe that such a product offered through a third party competitive supplier  
7 of RECs could offer consumers a higher percentage of wind, solar and other new  
8 renewables far more cost effectively than a properly-priced NSTAR Green  
9 product, as described in Robert Grace's testimony and Larry Chretien's testimony  
10 filed concurrently with this testimony.

11

12 **Q. Why not tie that product to any competitive generation products offered by**  
13 **the Compact?**

14 A. That is one avenue we are considering. However, we want to assure that there is a  
15 long-term option available to consumers, whether or not they are participating in  
16 competitive generation through the Compact or otherwise. We believe that the  
17 development of new renewables (and consumer participation) is enhanced by such  
18 an approach.

19

20 **Q. What are the Compact's other concerns about the proposed NSTAR Green**  
21 **Program?**



1     A.     As the Compact has noted throughout this proceeding, the NSTAR Green  
2           proposal works against notions of consumer choice and will discourage  
3           competitive suppliers in offering renewable energy supply.  
4  
5           Unlike the National Grid GreenUp model, which facilitates competitive supply  
6           options, NSTAR is the sole supplier in NSTAR Green, and, unlike the National  
7           Grid GreenUp model, NSTAR Green does not offer customers a choice in the  
8           level of renewable energy desired. This lack of choice does not meet the DTE  
9           test regarding renewable supply options offered by distribution companies.  
10          In addition, it is not clear who is expected to pay for the administrative costs as  
11          well as the renewable energy certificate costs of NSTAR Green. Ratepayers  
12          should not be held responsible for any costs associated with this program. In any  
13          case, the NSTAR Green option does not include an effective marketing and  
14          education plan. This is borne out by the fact that NSTAR suggest these costs will  
15          be so incremental as to not factor into the cost of the product at all. See NSTAR's  
16          Response to CLC/MEC Information Requests 1-5 and 1-6.  
17  
18          The discovery responses from NSTAR seem to suggest that NSTAR is more  
19          interested in burnishing its image than in facilitating competition and the  
20          development of a robust renewable product market. One NSTAR discovery  
21          document suggests it expects total participation to be in the neighborhood of 0.1%  
22          or 800 customers system wide! See NSTAR's Response to DOER Information

1 Request 1-1. Frankly, I believe the Compact and others can do much better and  
2 should be given an opportunity to demonstrate that.

3

4 **Q: Does this conclude your pre-filed direct testimony in this case?**

5 A: Yes, it does.